

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2014-334-E - ORDER NO. 2014-965  
DECEMBER 2, 2014

IN RE: Application of Duke Energy Carolinas, LLC     ) ORDER APPROVING  
for Approval of Rider 6, Demand-Side             ) RIDER 6  
Management and Energy Efficiency for 2015     )

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Application of Duke Energy Carolinas, LLC (“Duke” or “the Company”) for approval of Demand-Side Management (“DSM”) and Energy Efficiency (“EE”) Rider 6 (“Rider 6”). This Rider consists of prospective amounts for Vintage Year 2014 and Vintage Year 2015 under the new cost recovery mechanism, along with true-up components and recovery of lost revenues under the previous vintages, namely Vintages 1, 2, 3 and 4. The Rider 6 billing factors would apply to the billing period January 1, 2015, through December 31, 2015.

A Notice of Filing was published in newspapers of general circulation in the Company’s service area. Two Joint Petitions to Intervene were filed and subsequently granted. These were from Wal-Mart Stores East, LP and Sam’s East, Incorporated, and, also, the Southern Alliance for Clean Energy and the South Carolina Coastal Conservation League (“the Environmental Intervenors”). The Office of Regulatory Staff (“ORS”) is a party to this proceeding as per S.C. Code Ann. Section 58-4-50(4) (Supp. 2013).

Duke moved for waiver of hearing in this matter. Under the terms of S.C. Code Ann. Section 58-27-870(F) (Supp. 2013), a proposed rate may be put into effect, *inter alia*, without a hearing when the proposed rate does not require a determination of the entire rate structure and overall rate of return, and when the new rate will facilitate an orderly rate administration, all of which are true in this case. Further, since there are also no objections from the parties, the waiver of the hearing is granted.

According to the Application, the new recovery mechanism of the EE/DSM portfolio has three components: (1) recovery of the costs the Company incurs to offer and deliver EE and DSM programs to customers; (2) recovery of net lost revenues incurred for up to thirty-six (36) months of a measure's life for EE programs; and (3) a shared savings incentive that is equivalent to 11.5% of net savings achieved through its portfolio of the Company's EE/DSM programs.

On October 14, 2014, the ORS filed its review report, which recommended that the Costs to Be Recovered for Vintage 3 True-Up – DSM Participant be adjusted to \$191,944 to account for interest charges that had been inadvertently excluded from the Company's Application. Consequently, the rate for Vintage 3 DSM Non-Residential participants would be 0.0023 cents/kWh, instead of the Company's requested .0018 cents per kWh, accounting for the ORS adjustment. Accordingly, the recommended Rider 6 rate, as adjusted by ORS, would be 0.4350 cents per kWh for residential customers. This would result in an increase of 0.0162 cents per kWh or approximately 16 cents for a residential customer using 1,000 kWh per month. The rate for non-residential customers would be 0.2561 cents per kWh, which is a decrease. We hold that the ORS adjustment is

proper to account for the inadvertently excluded interest charges. The end of the opt-out period for qualifying non-residential customers shall also be extended from December 31, 2014 to January 31, 2015, to ensure that customers have ample time to review the revised tariff.

We note that this cost recovery encompasses nineteen DSM/EE programs, which are estimated by the Company to have a combined average lifetime cost of 2.6 cents per kWh saved for EE and \$43.52 per kilowatt saved for DSM. These results compare favorably with the costs of supply-side generation. We have examined the proposed rates as adjusted by ORS, and hereby adopt them as described above.

Further, we appreciate the collaborative nature of these proceedings and encourage Duke to continue to consider the comments and recommendations made by the Environmental Intervenors, and other Intervenors as well.

IT IS THEREFORE ORDERED:

1. That Duke's request to implement Rider 6 is approved, subject to the ORS adjustment. The Rider shall be in effect from January 1, 2015, to December 31, 2015.
2. That Duke shall file its tariff for the approved rates within thirty (30) days of receipt of this Order, using the Commission's E-Tariff filing system. The tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

3. That this Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:

  
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Nikiya Han, Chairman

ATTEST:

  
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Swain E. Whitfield, Vice Chairman

(SEAL)